
Department of Education

Introduction

Article IX of the Colorado Constitution created the State Board of Education and provides for the establishment and maintenance of a thorough and uniform system of free public schools. The duties of the State Board in Section 22-2-106, C.R.S., include exercising general supervision over public schools of the State for children in kindergarten through the twelfth grade.

The State Board of Education, made up of seven members, oversees the Department of Education. The Department of Education carries out the policies of the State Board by assisting local school districts, Boards of Cooperative Education, and other local educational agencies in various ways such as:

- Developing policies.
- Supervising accreditation and accountability.
- Providing consulting services.
- Overseeing teacher certification.
- Assisting special education programming.

The Department of Education is directed by the Commissioner of Education, Deputy Commissioner of Education, and Chief of Staff. Each Division is under the authority of an assistant commissioner and comprises various federal and state programs as follows:

Division

Educational Services
 Management, Budget, & Planning
 Professional Services
 Special Services
 State Library & Adult Education Office

Federal & State Programs

Nutrition and Transportation
 Public School Finance and Title VI
 Educator Licensing
 Title 1
 Adult Basic Education/GED and
 Library Service Systems

The following comments and recommendation were prepared by the public accounting firm of KPMG Peat Marwick, LLP, who performed audit work at the Department of Education.

During our audit we found the Department, in general, has satisfactory controls over the administration of federal programs and financial processes in accordance with the requirements of the Single Audit Act Amendment of 1996 and the Office of Management and Budget Circular A-133. We identified one area where controls could be improved - strengthening the subrecipient monitoring procedures in one of the federal programs administered by the Department.

Follow Established Procedures to Monitor Timely Submission of On-Site Review Reports

The largest federal program for school nutrition at the Department of Education is the National School Lunch program (CFDA #10.555). During Fiscal Year 1997 the Department had expenditures of approximately \$45 million in federal funds for this program. The Nutrition Unit at the Department is charged with administering this program.

Our review indicated that the Department has established monitoring procedures for the 173 local educational agencies (LEAs) that administer the National School Lunch program across the State. These procedures include on-site reviews conducted by Department staff to determine whether the LEAs are in compliance with applicable federal and state regulations. To ensure resolution of compliance issues in a timely manner, the Nutrition Unit of the Department has established time frames for its on-site review process.

The U.S. Office of Management and Budget (OMB) Circular A-133, Subpart D, states that the Department, a pass-through entity, is responsible for:

- Identifying for the subrecipient the federal award information (e.g., CFDA title and number, award name, name of federal agency) and applicable compliance requirements.
- Monitoring the subrecipient's activities to provide reasonable assurance that the subrecipient administers federal awards in compliance with federal requirements.

- Ensuring required audits are performed and requiring the subrecipient to take prompt corrective action on any audit findings.
- Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable federal regulations.

The Nutrition Unit established a time frame for the on-site review process that requires completion of fieldwork and a response to the LEAs within 90 days. The 90 days include 60 days for the consultant (a nonclassified staff person with the Department) to complete the report and 30 days for the reviewer to review and clear any issues within the report.

Reporting in a timely manner and resolution of compliance issues is an important component of the oversight process. The Department's monitoring procedures for the National School Lunch program are designed to assist the LEAs in identifying areas where improvements need to be made to ensure that children receive the services the program is intended to provide. By not reporting complete and timely information, the Department cannot resolve compliance issues in a timely manner. This puts the Department in noncompliance with federal regulations which may result in the loss of the federal assistance.

We tested the Department's compliance with its subrecipient monitoring procedures. We found that for the 11 on-site review reports tested:

Nine reports were completed by the Department in a timely manner.

- Two reports were not completed properly by the Department in a timely manner.
- The first exception noted was from the Clear Creek RE-1 school on-site review that was conducted on April 22, 1997. The Department should have completed the on-site review report by June 22, 1997, in accordance with Department policy.
- The second item noted was from the Adams 14 school on-site review that was conducted on February 27, 1997. The on-site review report (form SFA-2) for the Adams 14 school was not completed by the consultant. The consultant should have completed the form SFA-2 on the day of the review.

The Department has adequate on-site review procedures in place. It appears, however, that the above findings were due to a staffing shortage during the first half of the year,

the need for additional training and communication regarding these procedures, and a need for more oversight by the appropriate management in the Department. We noted that the Department has hired a staff person who will oversee the report review process, but that individual had not obtained the full training as of the date of our review.

Recommendation No. 16:

The Department of Education should improve the submission of the Nutrition Unit's on-site review reports to the LEAs in a timely manner by ensuring training is conducted in a timely manner for all new staff to attain the knowledge of the on-site review procedures and the applicable compliance issues.

Department of Education Response:

Agree. As stated above, the staff position that was vacated over a year ago has been filled and the consultant will be responsible for the internal monitoring of the Coordinated Review Effort of the Department. A training on the Coordinated Review Effort process and related forms was conducted by a representative of the Mountain Plains Regional Office on October 29, 1997, for the nutrition staff. Follow-up meetings have been scheduled in November and December of 1997 and will address the Department's internal procedure for completion of the Coordinated Review Effort.
